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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

BEFORE THE HONORABLE WILLIAM H. ALSUP

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
vs.)	No. CR 14-0175 WHA
)	
PACIFIC GAS AND ELECTRIC COMPANY,)	
)	San Francisco, California
Defendant.)	Tuesday
)	December 5, 2017
)	2:00 p.m.

TRANSCRIPT OF PROCEEDINGS

APPEARANCES:

For Plaintiff: BRIAN STRETCH
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San Francisco, California 94102
BY: JEFFREY BENJAMIN SCHENK
ASSISTANT UNITED STATES ATTORNEY

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San Francisco, California 94109
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BY: REID J. SCHAR, ESQ.

(APPEARANCES CONTINUED ON FOLLOWING PAGE)

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1 APPEARANCES: (CONTINUED)

2 **For Federal Monitor:** KIRKLAND & ELLIS, LLP
3 555 California Street
4 San Francisco, California 94104
5 **BY: CHRISTOPHER KEEGAN, ESQ.**

6 **Also Present:** **Jennifer Hutchings**
7 U.S. Probation Department
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P R O C E E D I N G S

December 5, 2017

2:11 p.m.

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THE CLERK: Calling Criminal Action 14-175. USA
versus Pacific Gas & Electric Company.

Counsel, please approach the podium and state your
appearances for the record.

MR. SCHENK: Good afternoon, your Honor. Jeff Schenk
on behalf of the United States.

THE COURT: Welcome.

THE PROBATION OFFICER: Good afternoon, your Honor.
Jennifer Hutchings on behalf of Probation.

MR. KEEGAN: Good afternoon, your Honor. Chris Keegan
on behalf of the Federal Monitor, Mark Filip.

MR. SCHAR: Good afternoon, your Honor. Good
afternoon, your Honor. Reid Schar on behalf of PG&E.

MS. DYER: Good afternoon, your Honor. Kate Dyer on
behalf of PG&E.

THE COURT: All right. Welcome to all of you. Are
any PG&E representatives actually here?

MR. SCHAR: Yes, your Honor.

THE COURT: Why don't you introduce them?

MR. SCHAR: Julie Kane and Alex Vallejo are both
here. Both are in the Compliance Department.

THE COURT: Good. Sit up here at counsel table, if

1 you will.

2 So let's hear the report. Let's start with Ms. Hutchings.

3 **PROBATION OFFICER:** Yes, your Honor.

4 The report on the update for -- with regards to community
5 service is that specifically 2,271.25 hours have been
6 completed.

7 **THE COURT:** How many? Say that number again.

8 **PROBATION OFFICER:** 2271.25 hours have been
9 completed, of which 1,064 hours were completed by officers and
10 directors.

11 So PG&E now has an automated system, check-in/check-out
12 system that they have shown me in person. When individuals
13 come to do the community service, they use an I.D. They log
14 in. They check out. So it's very specific as to when they
15 start work and when they leave, almost like a time card.

16 **THE COURT:** Okay. So those hours seem like they --
17 that's big progress since the last time you were here; is that
18 right?

19 **PROBATION OFFICER:** I would agree. Absolutely.

20 **THE COURT:** And if we did the extrapolation, how many
21 hours would that -- how soon would the 10,000 hours be used up?

22 **PROBATION OFFICER:** It's my understanding that they
23 planned on being, hopefully, done within the first three years
24 of supervision is the goal. Correct me if I'm wrong, but I
25 believe that was the goal.

1 **THE COURT:** Would that get us there? 2,000 a year?

2 **PROBATION OFFICER:** Well, it won't, but it did take

3 some time to get rolling in the very beginning. We had to meet
4 with the city, find out what projects they wanted. It look a
5 little bit of time, but I feel like that train is rolling and
6 now as we go into 2018, I think they will be ahead of the curve
7 as far as --

8 **THE COURT:** Ms. Hutchings sent me some photographs
9 yesterday, which I looked at. Thank you for that.

10 Why don't you describe on the record what those
11 photographs were?

12 **PROBATION OFFICER:** Sure.

13 PG&E graciously invited me last week to their officer and
14 director's meeting, which I went to, and I was able to view
15 firsthand the morning session, which had to do with a lot of
16 community service projects that all the individuals there were
17 working on.

18 And the photographs that I sent your Honor were of the
19 different rooms where different projects were being done for
20 various organizations in San Mateo.

21 **THE COURT:** These were what level people in the
22 company?

23 **PROBATION OFFICER:** Officers and directors. All
24 levels, your Honor, even up to the very, very top.

25 **THE COURT:** CEO?

1 **PROBATION OFFICER:** Yes.

2 **THE COURT:** Chairman of the Board?

3 **PROBATION OFFICER:** They were there making onesies
4 for the shelters. So, yes.

5 **THE COURT:** Well, good for them.

6 Okay. Just on the subject of community service, is there
7 more to say on the subject of community service?

8 **PROBATION OFFICER:** I don't believe so, unless your
9 Honor has any specific questions.

10 **THE COURT:** Is a book of some sort or something that
11 would capture in one place all of the work done in place? I
12 mean, at a school or playground, wherever it gets done. Is
13 there some book of photographs that document the work that's
14 being done?

15 **PROBATION OFFICER:** I can't speak to the photographs,
16 your Honor. But they provide me with a summary in advance of
17 the projects that are planned for the upcoming month and any
18 post-summary report as well.

19 If the Court would like those sent to you on a monthly
20 basis, I'm more than happy to do that.

21 **THE COURT:** I do want them sent to me, but what I
22 think we should do is accumulate the story in one booklet form
23 so that it will go into the archives of history. And when
24 we're all gone and there are other people here, they can look
25 at the book and see what happened in this case.

1 So maybe you could work on that. Maybe get PG&E to do
2 that, put that booklet together.

3 **PROBATION OFFICER:** I'm sure they would be happy to.

4 **THE COURT:** All right. How about the United States?
5 Just on the subject of the community work, what does the United
6 States have to say?

7 **MR. SCHENK:** We don't have anything to add. We're
8 happy with the progress.

9 Judge Henderson's order was 10,000 hours by the end of
10 five years. In speaking with counsel for PG&E, I do understand
11 that there was a bit of time required after the order came in
12 place in late January to get the project rolling, and it seems
13 that they are well on their way to meeting that mark and it, in
14 fact, looks like they will finish early.

15 **THE COURT:** That's great. On that subject, what
16 would you two like to say?

17 **MR. SCHAR:** Your Honor, I don't think we have
18 anything to add. The Probation Officer, I think, has done a
19 very thorough job.

20 We will work on accumulating the information that you
21 requested.

22 **THE COURT:** Yeah. I think it would be good for the
23 history books.

24 Okay. What does -- let's go to what the Monitor has been
25 working on. Give us the Monitor report.

1 **MR. KEEGAN:** Sure, your Honor.

2 Monitorship is progressing. There has been a lot of
3 activity since we were here before.

4 A couple of updates on some things we have ongoing. We
5 participate in the very top level strategic discussions,
6 business discussions on a quarterly basis. We have been
7 invited to those meetings by PG&E with a focus on gas
8 operations.

9 We have a very regular cadence of meetings in San Ramon
10 with the engineers, the Integrity Management Group and the
11 people who are responsible for the transmission planning are
12 subject matter experts, and our team members are there pretty
13 much every week for various meetings.

14 Currently we have people in the field, and that's
15 something that we've recently started. We're sending people
16 out to the yards and going to do -- observe and monitor the
17 work that's happening by the workers in the field to try and
18 get an understanding of what their view of the company is and
19 how the different compliance and ethics and safety and training
20 and education filters down to the people who are doing the
21 work.

22 Some examples of specific numbers we're working on right
23 now -- there is a lot more than this, but just a few examples.
24 Two of our experts and other team members have been down in the
25 field on transmission integrity management projects in the

1 Mojave.

2 **THE COURT:** Is this gas transmission?

3 **MR. KEEGAN:** Yes, gas transmission. The big -- the
4 backbone transmission lines across the state. Those projects
5 in the Mojave involved hydro testing, the strength testing
6 that's included in the order, making those lines capable of
7 in-line inspection or to make piggable projects. So we have
8 some very experienced subject matter experts who are down there
9 observing and reporting back as to how that work is
10 progressing.

11 We are working with our technical experts and our team
12 members as PG&E is engaged in updating their Integrity
13 Management planning. That's an annual cycle that they do.

14 So we are meeting with the engineers to really understand
15 and evaluate the types of information that they are collecting,
16 the QC and QA of that information, what formula that
17 information gets filtered through, and what the ultimate risk
18 ranking for each segment of pipeline is, and then understanding
19 how that risk ranking turns into a forward-looking operational
20 plan.

21 So that's really a core aspect of what we're doing.

22 **THE COURT:** So your work, is it -- is it limited to
23 gas or do you also get off into electricity?

24 **MR. KEEGAN:** The specific requirements, the technical
25 requirements are focused on gas operations.

1 The compliance and ethics piece and the safety and the
2 culture of the company is a little bit more overarching
3 enterprise wide. So we look at that as sort of across all of
4 the specific lines of business.

5 **THE COURT:** So that would include electricity?

6 **MR. KEEGAN:** It does, as far as compliance and the
7 safety culture.

8 **THE COURT:** Do you have any responsibility or
9 jurisdiction over inquiry into the North Bay fires, as to what
10 went wrong there, if anything, by PG&E?

11 **MR. KEEGAN:** Your Honor, I think responsibility and
12 jurisdiction is a question for you, as well as anyone.

13 When the fires came about, we were involved in the
14 emergency response. We were observing the emergency response
15 activities. They had a camp set up to get people electricity
16 back and get gas set up. We participated in twice daily
17 emergency operations calls.

18 But as far as what caused the fire or fire investigation,
19 I think that's Cal Fire. I think that's the State Attorney
20 general, and I think that sort of cause investigation is
21 something they would be evaluating and looking at.

22 **THE COURT:** Okay. What else would you like to add?

23 **MR. KEEGAN:** I think I've gone through the full list
24 of bullets I have here, your Honor, unless you have any
25 questions.

1 **THE COURT:** Not yet.

2 Ms. Hutchings, do you have anything to add to what the
3 Monitor said?

4 **PROBATION OFFICER:** I do not, your Honor.

5 **THE COURT:** The Government?

6 **Mr. SCHENK:** No, your Honor. Submitted.

7 **THE COURT:** How about you two?

8 **MR. SCHAR:** No, your Honor. Mr. Keegan has, I think,
9 accurately described a fairly thorough process. The company is
10 trying to be as responsive as it can be to the Monitor's
11 requests.

12 **THE COURT:** So what other subjects should we go into
13 today in assessing the status of supervised release -- I mean,
14 probation?

15 **PROBATION OFFICER:** I don't believe there is anything
16 we need to go over today, your Honor. Between myself
17 monitoring certain activities and the monitorship monitoring
18 other activities, all of us are in communication frequently.
19 PG&E is very communicative with me and always updating me on
20 even what's going on on the Monitor's side. So I feel like the
21 communication is excellent.

22 **THE COURT:** Good. How about the Government?

23 **Mr. SCHENK:** Nothing further, your Honor.

24 **THE COURT:** How about you two?

25 **MR. SCHAR:** No, your Honor. Nothing else.

1 **THE COURT:** What's our next step?

2 **Mr. SCHENK:** I think we would defer to the Court.

3 The Court, I think, set this originally to make sure that
4 PG&E's community service hours improved and we got to a place
5 where they --

6 **THE COURT:** It seems like that worked. So how about
7 six months from now, come back in six months?

8 **PROBATION OFFICER:** Sure.

9 **THE COURT:** What would that be, Angie?

10 **THE CLERK:** June 12th, your Honor.

11 **THE COURT:** June 12?

12 **Mr. SCHENK:** Yes. Yes, your Honor.

13 **MR. KEEGAN:** Yes, your Honor.

14 **THE COURT:** It will be summertime. The flu will be
15 gone. Leaves will be green.

16 Okay. Thank you for the good report. I appreciate all of
17 your cooperation and assistance. See you then.

18 **MR. KEEGAN:** Thank you, your Honor.

19 **PROBATION OFFICER:** Thank you, your Honor.

20 **Mr. SCHENK:** Thank you, your Honor.

21 **MR. SCHAR:** Thank you, your Honor.

22 (Proceedings adjourned.)
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24
25

CERTIFICATE OF OFFICIAL REPORTER

I certify that the foregoing is a correct transcript from
the record of proceedings in the above-entitled matter.

Debra L. Pas

Debra L. Pas, CSR 11916, CRR, RMR, RPR

Thursday, December 7, 2017